

ACCESS TO CAPITAL FCC 2020

FCC Advisory Committee on Diversity and Digital Empowerment Access to Capital Working Group

**OBTAINING FINANCING IN
TODAY'S CHANGING ENVIRONMENT**

NOVEMBER 6, 2020

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Presenters

- **DuJuan McCoy**, *CEO Circle City Broadcasting*
- **Ty Shea**, *CFO of Circle City Broadcasting*
- **Garret Komjathy**, *Senior VP/Relationship Manager, U.S. Bank*
- **Daniel Damon**, *Managing Director/Loan Capital Markets, U.S. Bank*

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Challenging Times Financing Options

- Email Questions to: LIVEQUESTIONS@FCC.GOV
- NAB BROADCAST LEADERSHIP TRAINING PROGRAM
(BLT) NABFOUNDATION.ORG

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Challenging Times Financing Options

- Bayou City Broadcasting Purchase of 7 TV stations in January 2008 – DuJuan McCoy New Entrant into TV-Case Study
 - A. Financial Crisis of 2008 -Lending ceased similar to today COVID
 - B. Seller Financing
 - C. Regional Community Bank-West Texas (First Financial Bank)
 - D. SBA Backed Loan

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Seller Financing Options

- A. Reasonable Terms 8-12% Interest only loan
- B. Mutually Agreeable Maturity Date
- C. Loan amount payable via station cash flows
- D. Cash Down Payment (Skin in the game) - Shows commitment

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Seek Regional Community Bank for Loan

- A. Community Banks Average Daily Deposits Important
- B. Can Listen to Radio Station or Watch TV Station in Community to See your results
- C. Real Estate or Assets as collateral help regional banks
- D. License Collateralization Assistance: Frank Montero, FHH lesson on “How to Collateralize FCC License”
- E. Ask for SBA Backed Assistance

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SBA Backed Loans from Regional or Large Bank

- A. Bank loans money- SBA insures the debt
- B. Must meet Banking Loan requirements
- C. Must meet SBA vetting requirements (7a)-Clean Track Record with Government

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SBA Backed Loans from Regional or Large Bank

- D. Bank will assist borrower with loan process
- E. Low Interest loan 4-7% range depending on timing
- F. Equity, Working Capital
- G. Great relationship with Government for future transactions and help during difficult times

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Paycheck Protection Loan – Ty Shea

- A. Banking relationship
- B. Timing of forms and accurate information - Financial statements
 - Early
 - Often
 - Detailed financials and employee count
- C. Process to get loan and communication
- D. Approval and receipt of loan
- E. Payback

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Financing During Normal Times

Garret Komjathy and Dan Damon U.S. Bank

A. Financing Provider

- Broadcast lending is a very specialized lending area: it helps to have an “experienced” lender.
- Do they know what they are doing?

B. Equity Provider

- Have they done this before? Are they credible?

C. Experience Level/Track Record

- Proven/Relevant management experience

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Financing During Normal Times

Garret Komjathy and Dan Damon U.S. Bank

- D. Multiple Markets
 - Diversified by market and geography
- E. Financial Projections
 - Five Years with detailed projection assumptions
 - Are they realistic and consistent with known market trends?
- F. Acquisition
 - Details on the acquisition/target: what are the assets that you are buying?
 - What does the deal look like?
 - Does it include the real estate/towers?

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Securing a Loan

- A. Business Plan/Strategy – Description of markets, competitors, economic landscape and drivers
- B. Three years of audited financial statements
- C. Five years of Projections
- D. Equity Source
 - What is their experience?
 - Do they have the capacity to provide more?
- E. Management Biographies and Resumes
- F. Track Record
 - How was performance during the downturn?

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Securing a Loan

G. Typical Facility Structure:

- Revolving Credit Facility and Amortizing Term Loan (Term Loan A)
- Typically 5-year Tenor
- Interest Rate
- Principal Repayment
- Fees (i.e. Arrangement Fees, Upfront Fees, etc.)
- Financial Covenants: Leverage Ratio (Senior/Total), Fixed Charge Coverage, Capital Expenditures

H. Counsel

- Legal Counsel
- FCC Counsel

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Access to Capital Subgroup Members:

- **Chair: DuJuan McCoy, CEO, Circle City Broadcasting**
- **Garret Komjathy, SVP Media and Communications,
US Bank**
- **Steven Roberts, CEO of Roberts Communications**

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QUESTIONS & ANSWERS

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